

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

PrivateBancorp, Inc.; The PrivateBank and Trust Company

Point of Contact:	Leonard Wiatr	RSSD: (For Bank Holding Companies)	1839319
UST Sequence Number:	332	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	243,815,000	FDIC Certificate Number: (For Depository Institutions)	33306
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 30, 2009	City:	Chicago
Date Repaid ¹ :	N/A	State:	Illinois

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

X Increase lending or reduce lending less than otherwise would have occurred.

The participation by PrivateBancorp (Company) in the CPP allowed for continued lending during 2010, upholding its commitment to supporting credit-worthy companies during a difficult economic period. Overall loan balances, exclusive of covered assets, increased by \$70 million in 2010.

X To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

The Company's capital position afforded it the opportunity to reshape its loan portfolio in 2010, as reflected in sizeable increases in commercial-related loan balances. Efforts to expand relationships were also successful as loans made to new customers totaled more than \$1.5 billion.

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☒ **Increase securities purchased (ABS, MBS, etc.).**

The Company's securities portfolio increased by \$306 million during 2010, including an increase of \$331 million, or 24%, in CMOs and mortgage-backed securities.

☐ **Make other investments.**

☒ **Increase reserves for non-performing assets.**

While the determination of loan loss reserve levels is a function of GAAP and not available capital, the Company's capital, as supported by CPP, did offset the negative impact of historically high levels of loan loss reserves (2.44% of loans at 12/31/10) maintained during a difficult credit cycle.

☐ **Reduce borrowings.**

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☒ **Increase charge-offs.**

Charge-offs in 2010 reflected the Company's continuing efforts to aggressively deal with problem assets through initiatives that were supported by our capital levels.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

In the absence of participating in the CPP program, the Company would likely have had to curtail its lending activities during 2009 and 2010 in order to maintain sufficient capital levels in the face of credit challenges and a difficult economic environment. While the Company was able to access the capital markets to raise common equity on two occasions following the January 2009 capital infusion of CPP funds, it is not certain that such access would have been available or available at the same cost, in the absence of CPP capital. The lack, or higher cost, of these follow-up capital raises would have exacerbated the need to restrict lending and subsidiary capital contributions during 2009 and 2010 and likely would have affected the ability to aggressively deal with problem assets.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Our CPP participation provided supplemental capital that we continued to use during 2010 to execute our business strategy. We invested in our subsidiary bank, enabling it to leverage this capital in providing new and renewal loans to middle-market companies as well as business owners, executives, entrepreneurs and families. Investments in subsidiary banks totaled \$15 million in 2010 following contributions of \$281 million made during 2009. As noted above, expansion of commercial-related lending was considerable during 2010 and we continued to develop a community banking division in 2010 following a 2009 failed bank acquisition from the FDIC, which was enabled by CPP and other capital raised in 2009. CPP capital was used in 2010 to absorb credit losses without sacrificing a long-term strategy of developing new client relationships and cultivating and expanding existing relationships. This was accomplished while maintaining capital levels above regulatory requirements in the face of a challenging economic environment. At December 31, 2010, PrivateBancorp's Tier 1 risk-based, total risk-based and Tier 1 leverage capital ratios were 12.06%, 14.18% and 10.78%, respectively. CPP capital allowed the Bank to serve its communities as a key partner in community development lending opportunities, financial education initiatives and community service-oriented projects. In 2010, the Company provided more than \$560 million in qualified community development credit in key Community Reinvestment Act (CRA) target areas: affordable housing, community development services, economic development and revitalization. The Company also provided almost \$750,000 in CRA-qualified charitable contributions during 2010.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.